



HALAL SECTOR CAPABILITY REPORTS HALAL BEAUTY





B E A U T Y



The global halal market is estimated to be worth more than US\$ 2,300 billion and the value of halal food sector is reaching US\$ 700 billion annually. The non-food sector is much bigger, and includes chemicals, healthcare, cosmetics, personal care and pharmaceuticals.

Given the growing demand (both regionally and globally) for Halal compliance of items even in the non-food sector, Dubai Exports has been working closely with various governmental and non-governmental entities like Emirates Authority for Standardisation and Metrology (ESMA), Dubai Islamic Economy Development Centre (DIEDC), Islamic Fashion Design Council (IFDC), among others to ensure that products from the UAE and Dubai are in compliance with both local and international requirements. ESMA, a Strategic Partner of Dubai Exports has also recently confirmed that a number of companies are looking for halal mark and certification for their products and ESMA will provide the opportunity to them in order to ensure that their products are Shariah-compliant and compatible for exports.

DIEDC, who we work closely with, is mandated to establish the infrastructure and a comprehensive framework to oversee the implementation of initiatives that help achieve the tenets of an enabling Islamic economy. The Islamic fashion and design industry is currently fragmented and in need of structure and development. IFDC is a world-class fashion and design platform that supports the needs of the iFash and eventually iDez industry players as well as the consumers. IFDC seeks to surpass all standards of showcasing, business practice, and aesthetic excellence through their vision to provide products and services designed to help the Islamic fashion and Design industry develop. Dubai Exports is working closely with both these entities to help them achieve their goals.

We are thankful to all our above partners as well as Euromonitor International for working closely with us on the launch of our initiative to promote the Halal Design, Beauty and Fashion sectors that will showcase Dubai's vision to become the global capital of the Islamic economy.

Engr. Saed Al Awadi
CEO, Dubai Exports





The Dubai Islamic Economy Development Centre (DIEDC) was established in 2013 by Dubai Law 13 of 2013 and under the supervision of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, to develop and promote Dubai as the global capital of Islamic economy.

The Dubai Islamic Economy Development Centre (DIEDC) is founded on the seven pillars of finance, the 'halal' industry, tourism, digital infrastructure, art, knowledge and Islamic standards. The organization is mandated to establish a sound infrastructure and a comprehensive framework to oversee the implementation of initiatives that help achieve the tenets of an enabling Islamic economy.

Through carefully planned strategies and initiatives, DIEDC is committed to engaging with stakeholders to foster a generation of qualified professionals with the required skill-sets to drive growth across the seven constituent pillars, while creating a dynamic and competitive environment that fuels growth within the sector.

The UAE in general and Dubai in particular are privileged with a diversified, open, and flexible economy capable of accommodating international and regional changes, in addition to having advanced technical and logistic infrastructures, which provide the foundation that qualifies Dubai to develop the Islamic economy sector along with other vibrant economic sectors in the UAE.

Abdulla Mohammed Al Awar

CEO

Dubai Islamic Economy Development Centre







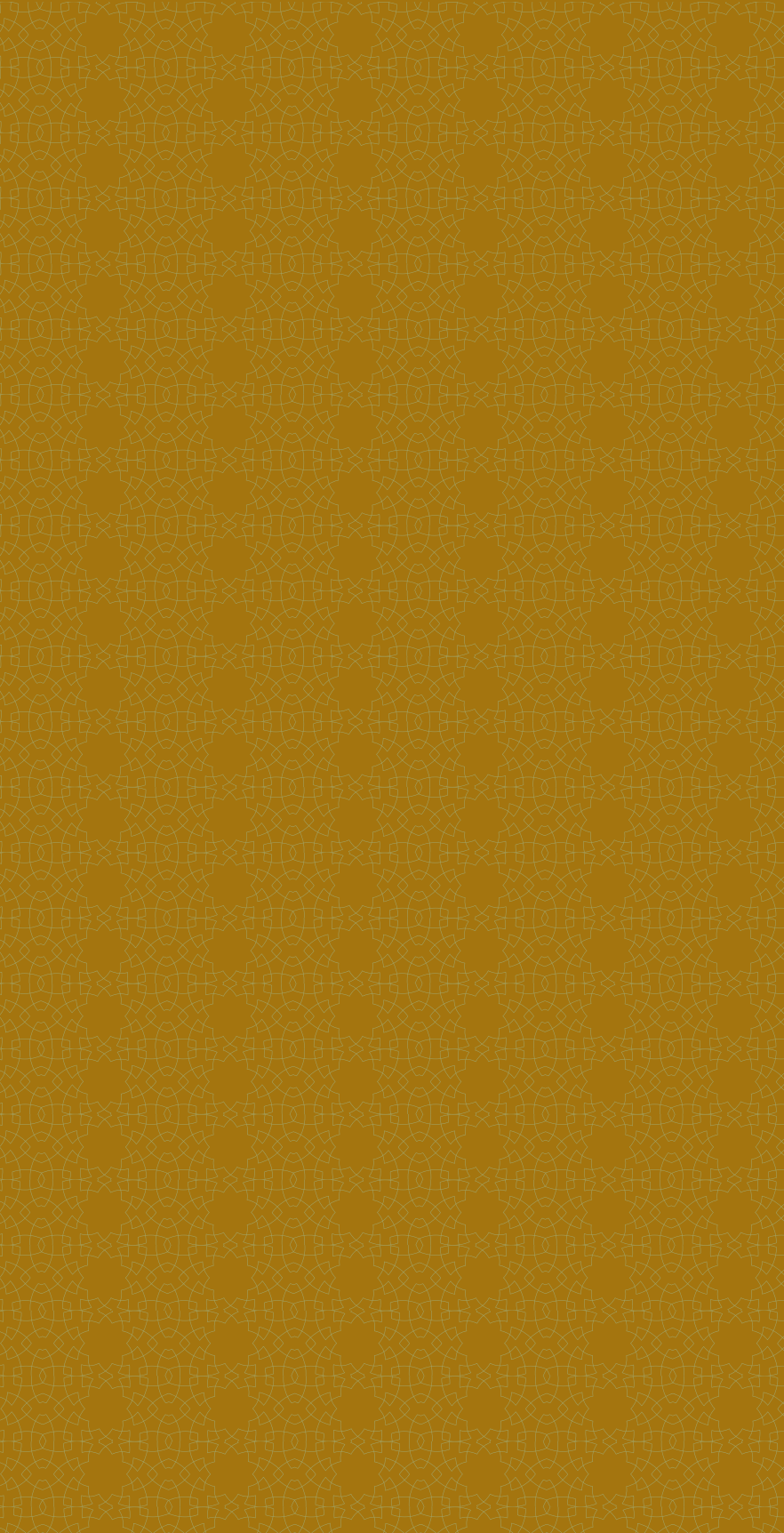
The Halal industry around the world has been gaining interest from the rising awareness of consumers and is providing commercial opportunities for industries to access a significant Muslim market segment.

Halal is an Arabic word meaning lawful or permitted and is connected to all aspects of food, travel, cosmetics, pharmaceuticals, banking and fashion products. The key drivers for growth of Halal are the rising Muslim demographic, economic development of Muslim nations and the increasing awareness of Muslim consumers around the world.

Market research analysts, Natalia Gorzawski and Karen Van Diesen from Euromonitor International and the team at Dubai Exports, have teamed up to put together an overview of the Halal opportunities covering the Beauty and Personal Care, Design and Fashion sectors.

Hussein Doughan
Country Manager
Euromonitor International





ISLAMIC FASHION AND DESIGN COUNCIL



Bismillahir Rahmanir Raheem.

Asalamo'Alaikum,

At Islamic Fashion and Design Council (IFDC) we appreciate the way Islamic fashion, design (art, architecture, interiors, etc.), and lifestyle is artistically developing through societies across the world. This interesting journey speaks to the range of Muslims and Islamic design fans we have globally. In fashion, we are seeing a new generation of Muslim fashionistas and stylists combining mainstream fashion choices within the Islamic guidelines, which takes this to a different level from the traditional way. There is no doubt that Islamic fashion will flourish to an exciting scale economically, yet what makes this so special is the consumer's resolve to remain true to their Islamic faith and values, not compromising this at any cost. As for Islamic design, this too is appreciated for its diversity as it can be integrated into architecture, pottery and all art. It is differentiated from other art forms by symbolizing the transcendent and indivisible nature of the Creator, deeming this a most special form of expression.

When the Islamic attire is aesthetically appealing it becomes obvious that Muslims are celebrating their commitment to Allah. After all, Allah is beautiful and He loves beauty! Fashion that is both stylish and appropriate can empower Muslims across the globe to represent Islam with confidence. This will dramatically have a positive impact on their personal image as well as their public image of being ambassadors of Islam propagating it by simply looking impeccable.

As Islamic design expanded and spread throughout the world it encountered other cultures that positively influenced it to grow, flourish and evolve. Muslim artists were able to integrate and demonstrate the rapid scientific development that flourished during the Islamic expansion by utilizing the geometric designs to depict the infinite nature of the Creator. Fashion too became a form of art and was enriched by incorporating patterns that were used in mosques and homes into embroidery and cloth printing. Islamic design represents vibrant colors that are a celebration of nature, which is a blessing from Allah.

The level of beauty we are surrounded by on a daily basis becomes an exquisite Remembrance. Islamic fashion and design continues to undergo a renaissance as many Muslim artists have been exposed to Western art and style or trained in design and want to reclaim and incorporate some of their own rich heritage into their work. There is a lot of fusion of east and west and this influences all areas of fashion and design. We welcome you to join us on this exciting journey that celebrates countless blessings; we look forward to seeing you at Islamic Fashion and Design Council!

Alia Khan

Founder and Chairwoman, IFDC

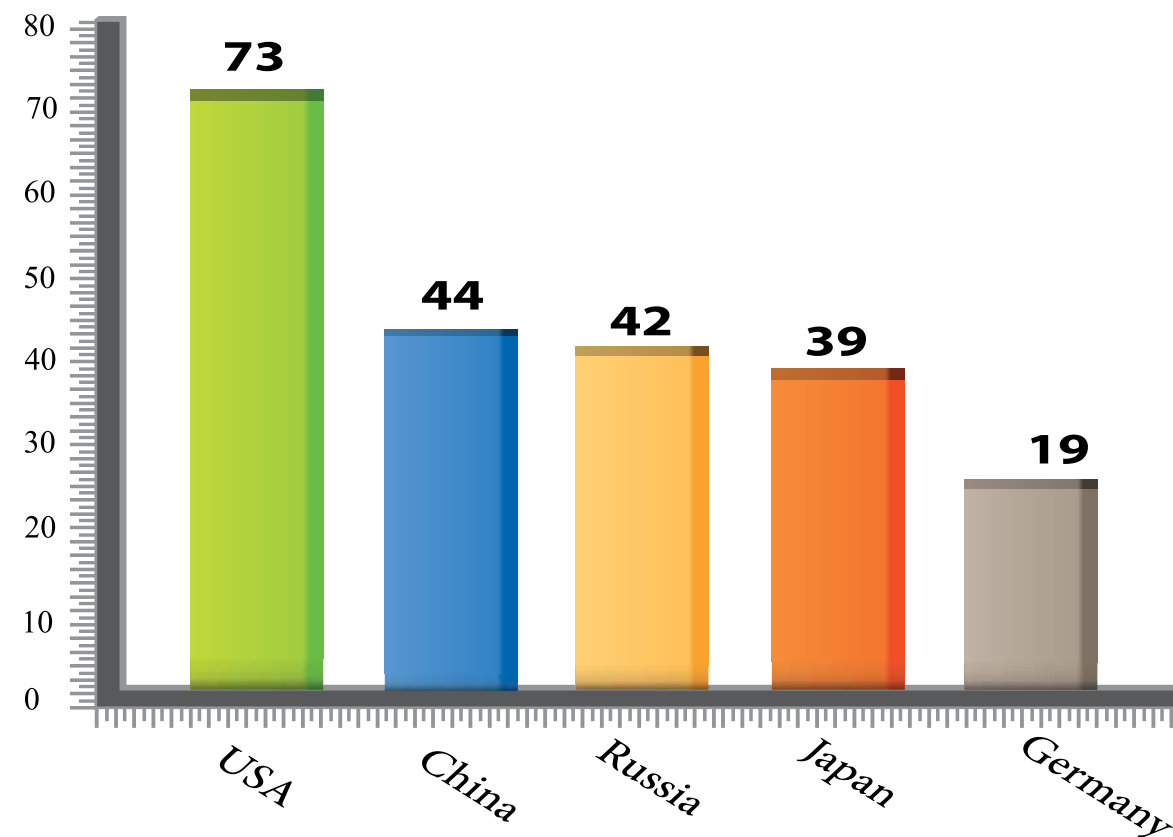
www.IslamicFashionDesignCouncil.org





BEAUTY & PERSONAL CARE ON A GLOBAL SCALE

- According to Euromonitor International, the total value of the global beauty and personal care market in 2013 was US\$ 454.4 billion.
- The largest markets for beauty and personal care products from a global perspective are USA, China, Russia, Japan, and Germany.

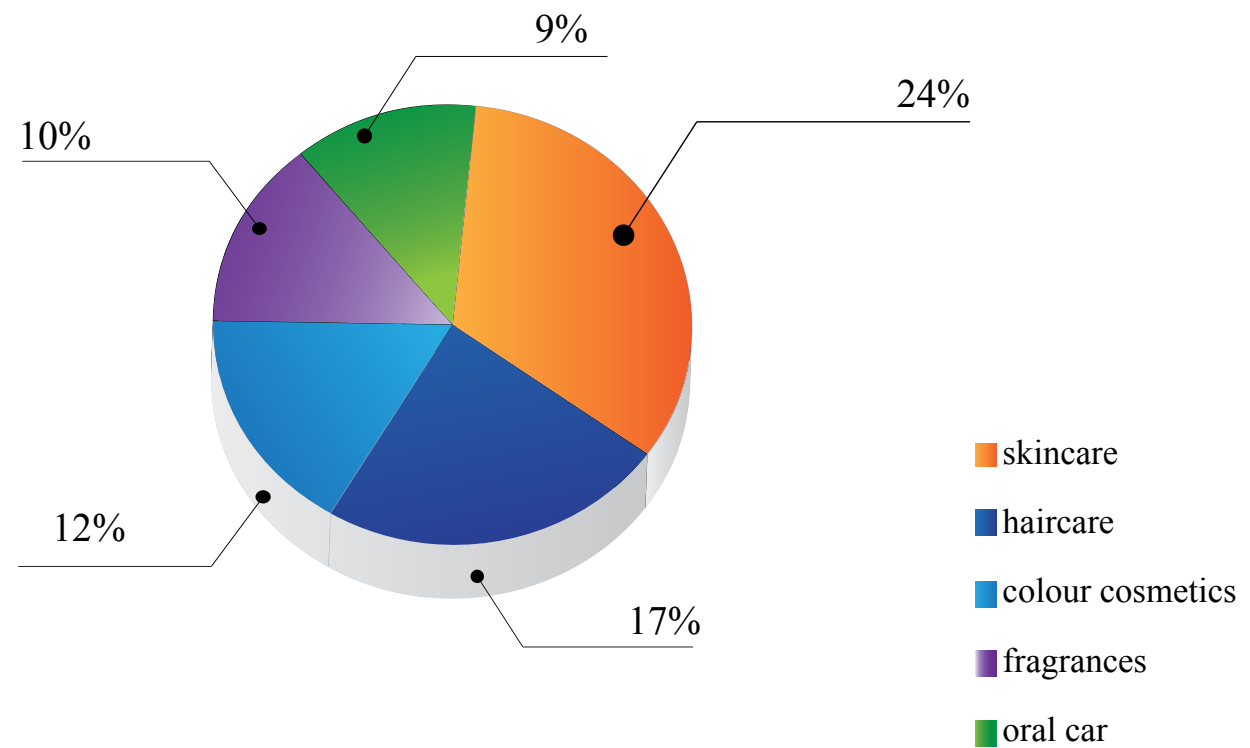




BEAUTY & PERSONAL CARE IN SEGMENTS

- The most important categories within beauty and personal care worldwide in 2013

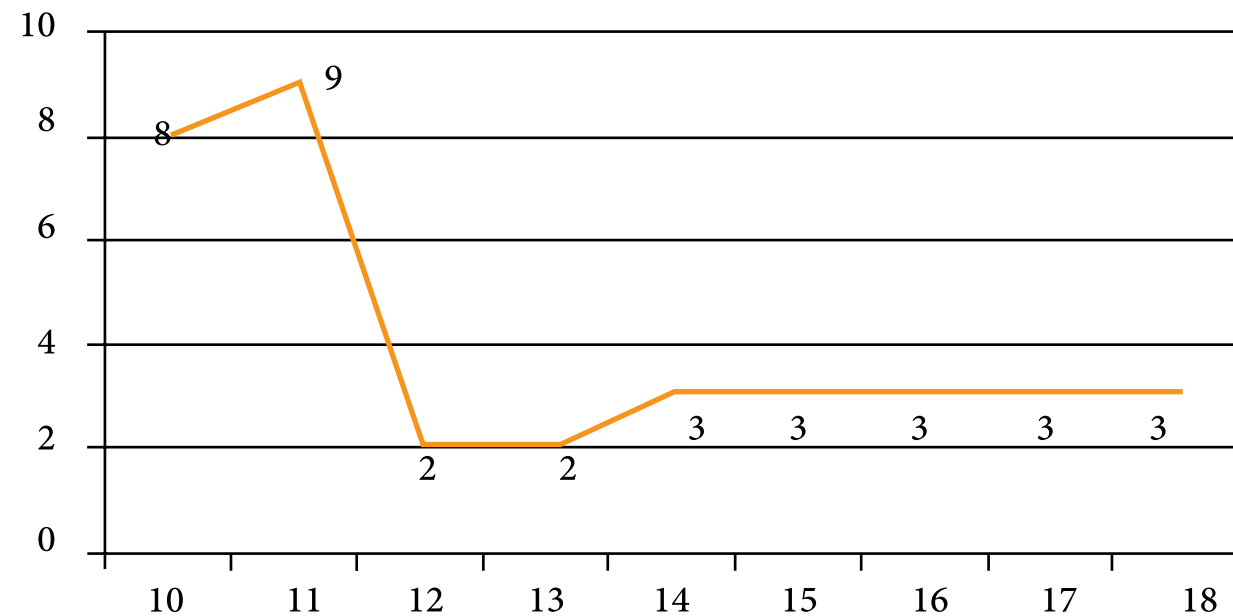
Global Value Sales split in 2013





THE FUTURE OF BEAUTY & PERSONAL CARE

- Global Sales of beauty and personal care products grew by 2% in 2013



- The global market for beauty and personal care is set to continue its slow pace growth over the next five years, with rates around 3%. Growth opportunities lie in developing countries and niche markets.



OPPORTUNITIES IN BEAUTY AND PERSONAL CARE

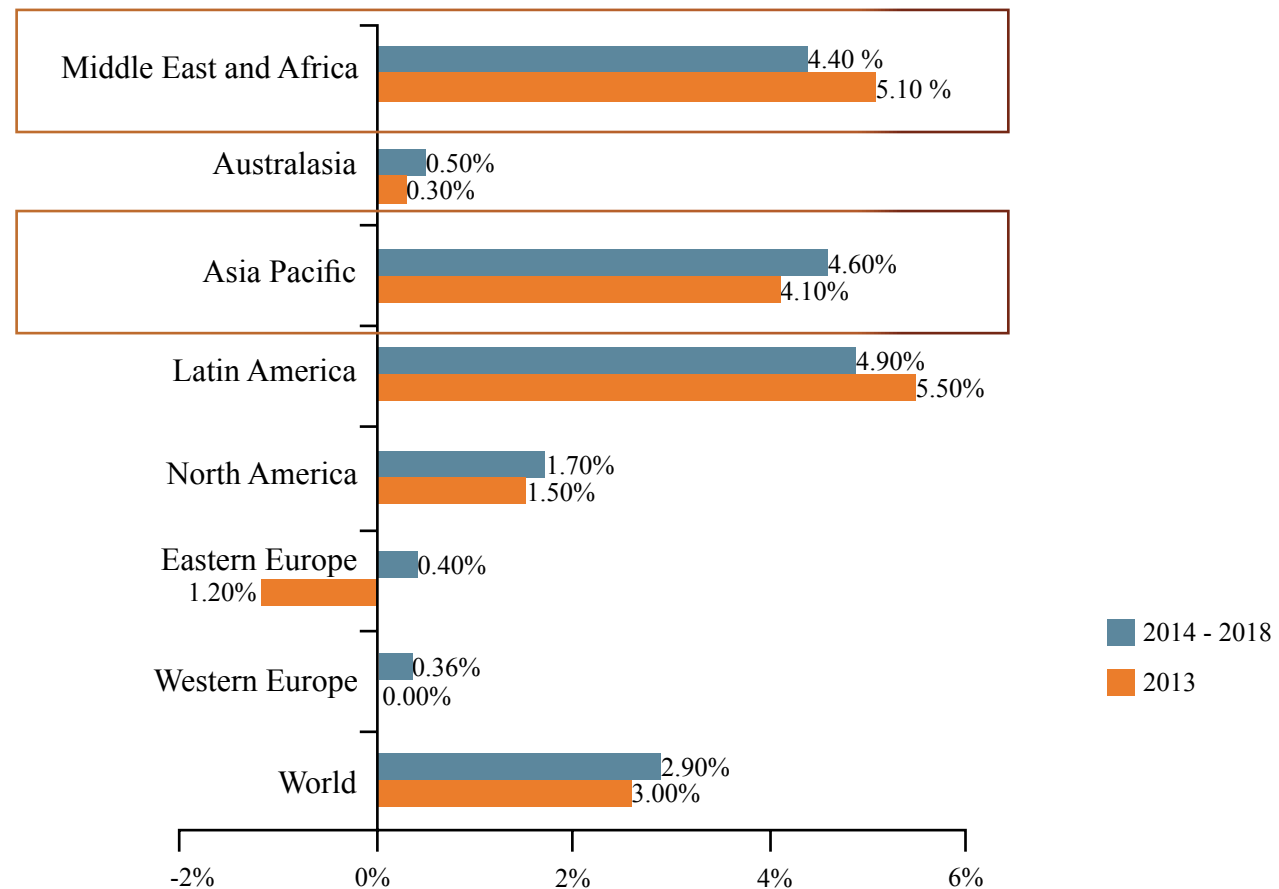
- Most growth opportunities lie in developing countries, where the population is often young and increasingly interested in fashionable new products.
- In developing countries, increasing product portfolios, heavy marketing campaigns and expanding distribution channels have created a strong demand for products that used to be outside the usage portfolio.
- In the developed world, innovation in ingredients, packaging and marketing campaigns are strong drivers towards consumer interest for new product segments and specialized items.
- Across the globe, consumers incorporate regional or religious values, demands and traditions in their buying decisions and consumption patterns, thereby offering various opportunities for new product developments in niche segments to companies in developing countries.
- This signals an opportunity for a brand to fulfill specific needs and expectations of certain consumer segments as a key differentiator in both the developing and developed worlds.



BEAUTY AND PERSONAL CARE: A REGIONAL GROWTH PERSPECTIVE

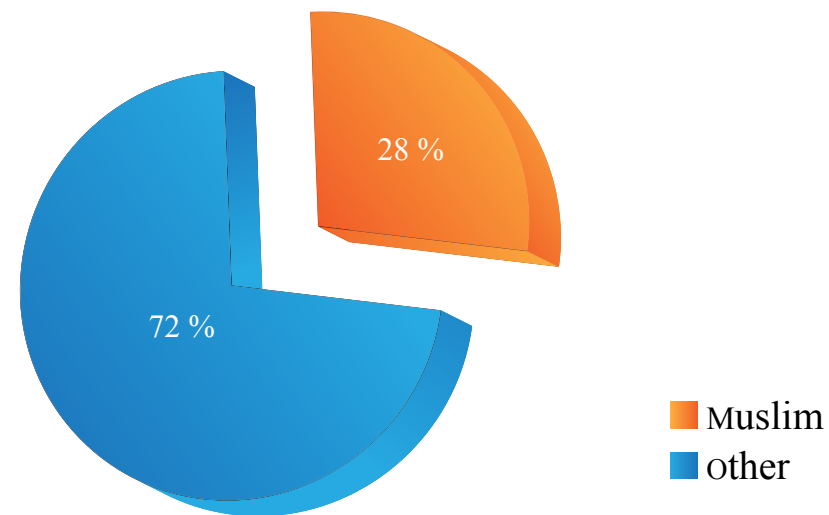
80% of Muslims live in Asia-Pacific, the Middle East and Africa, regions with particularly high growth expectations for beauty and personal care products.

- Regional growth expectations for beauty and personal care products:



BEAUTY AND PERSONAL CARE: ZOOMING IN ON THE MUSLIM COMMUNITY

- The Muslim population is estimated to have exceeded 2 billion worldwide, thereby representing 28% of the global population by now.
- 80% of Muslims live in developing countries in the Middle East, Africa and Asia-Pacific. However, Muslims also form important minority groups in countries such as, Russia, China, India or the US.



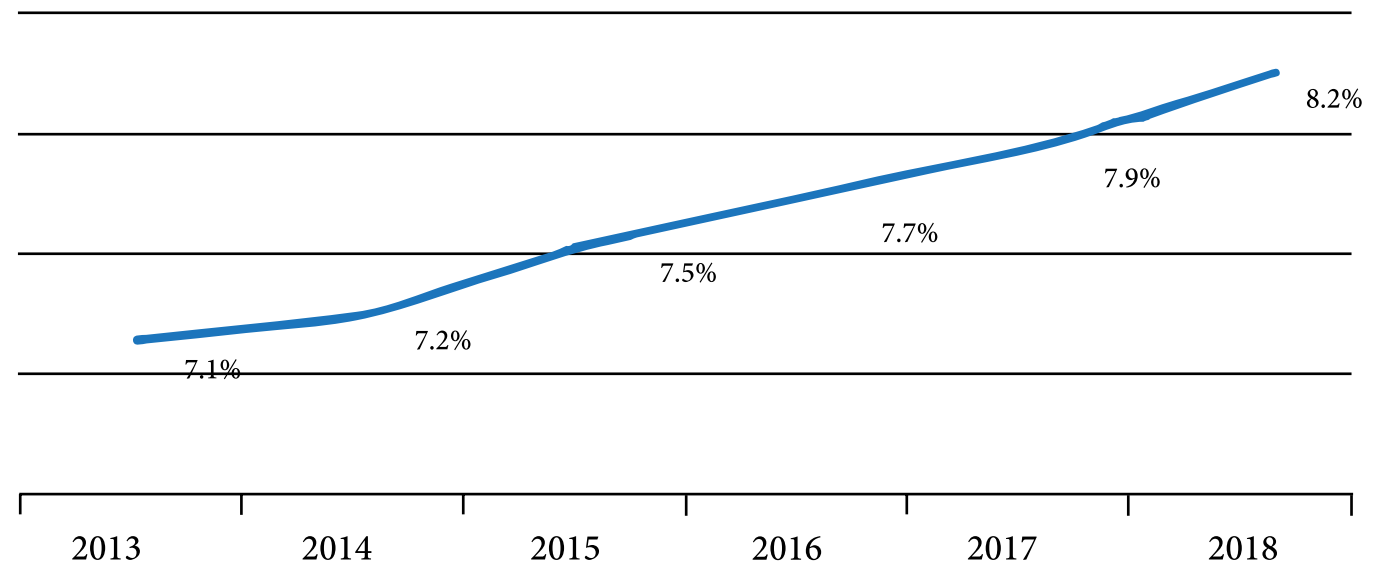
- This share of the general population is set to grow as the number of Muslims is growing at a pace of 1.4% vs. 0.7% globally.



MUSLIM SPENDINGS ON BEAUTY & PERSONAL CARE PRODUCTS



- The population of the 57 member states of the Organization of Islamic Cooperation (OIC) spent \$32.3 billion USD on Beauty and Personal care products in 2013, thereby accounting for 7% of the global expenditure in this segment.
- As the growing demand for beauty and personal care products in OIC countries is outpacing the global rate, the key Muslim countries represented under this umbrella, are set to account for over 8% of worldwide sales in 2018.
- Muslims are thereby representing a key consumer group with huge growth potential within the market for beauty and personal care products.





IS THERE AN ISLAMIC WAY OF CONSUMPTION?

- Muslims all over the world are guided through life by the path outlaid in the holy Qu'ran, the Sunnah and the Sharia. Even though, traditions, cultures and preferences may differ widely between Muslims in Saudi Arabia, Turkey and Indonesia, important life values and views are often similar across these countries.
- Islamic life values impact the Muslim consumer's needs and desires for all products and services they use in daily life.
- The Islamic, halal brand provides reassurance for the Muslim consumer that he or she is consuming a safe product within the pursuit of Islamic values.





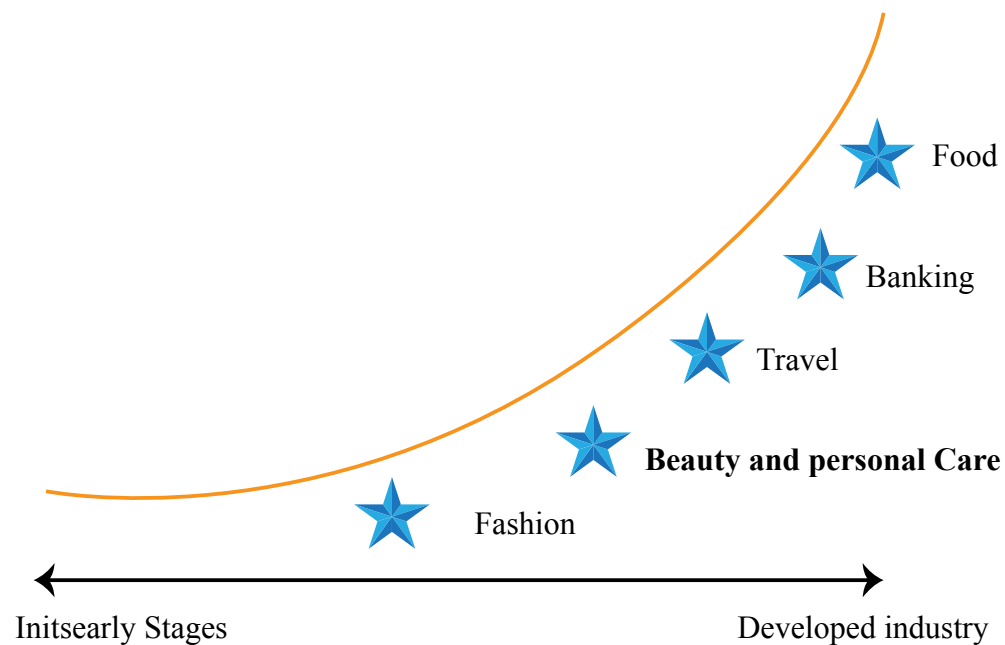
WHAT IS HALAL?

- Halal is an Arabic word meaning lawful or permitted. In reference to food, it is the dietary standard, as prescribed in the Qur'an. The opposite of halal is haram, which means unlawful or prohibited. Halal and haram are universal terms that apply to all facets of life.
- These terms are commonly used in relation to food products, meat products, cosmetics, personal care products, pharmaceuticals, food ingredients, and food contact materials.



HALAL OPPORTUNITIES ARE PRESENT ACROSS CATEGORIES

- The most established platform for halal products is Food, followed by Banking. However, consumers are increasingly requesting a similar approach in other areas, which did not witness the same developments.
- The halal market for beauty and personal care is not yet standardized and misses broad product offers that uphold Muslim values.



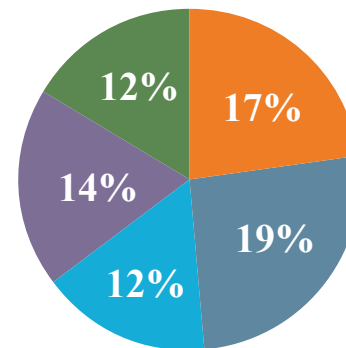
- Halal Beauty and Personal care is in its very early stages of growth, however it has an amazing potential to develop as a key point of differentiation of brands across the globe

OIC COUNTRIES SHOW DIFFERENT BEAUTY AND PERSONAL CARE SPENDING PATTERNS

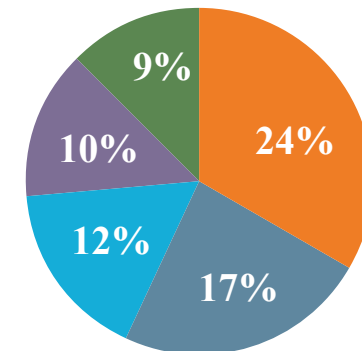
- In OIC countries, the sales split is less skewed towards skincare, while bath and shower and hair care account for a large part of sales.
- Fragrances, as well, have a far larger share of 14% vs. 10% worldwide.
- This indicates the importance of fragrances and hair care for Muslims.



**OIC Countries Value Sales Split
in 2013**



**Global Value Sales Split
in 2013**



WHAT IS HALAL IN BEAUTY AND PERSONAL CARE?

Ingredients:

- No pork derivatives permitted
- No alcohol content permitted
- No other animal derivatives permitted if not slaughtered dhabibah
- Organically grown ingredients that do not contain pesticides

Supply chain & manufacturing:

- Local production to reduce effect on the environment
- Fair trade
- No exploitation of production workers
- Free from animal cruelty
- Halal financial services

- The market for beauty and personal care currently lacks a standardized approach, as some countries have their own certification board while others do not. Consumers are thereby left to decide which products are suitable and deliver the standards and values sought after as a Muslim.



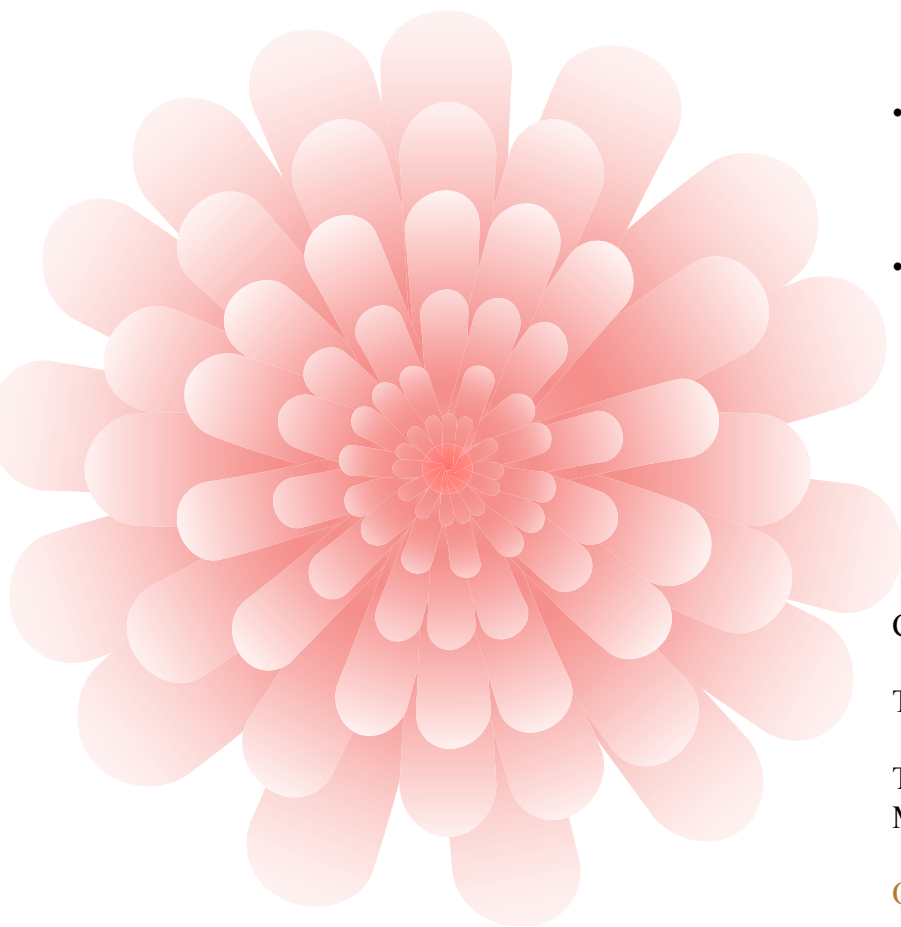
THE OPPORTUNITY IN HALAL BEAUTY AND PERSONAL CARE?

An increasing availability and portfolio of clearly labelled halal products can raise awareness among Muslim consumers, cater existing demands, ease buying decisions and ensure that not only the ingredients, but also the manufacturing process, the supply chain and the financial services used, adhere to standards based on Islamic values and guiding.



As consumer awareness, interest and knowledge develops, preferences for halal products within beauty and personal care cannot be overlooked and need to be addressed with accurate product ranges and a standardized approach.

HALAL BEAUTY AND PERSONAL CARE LANDSCAPE 2014



- Many Muslim consumers are currently not aware of non-allowed ingredients in beauty and personal care products or do not have the opportunity to buy products that adhere to Islamic standards, due to the lack of choices and offers in many markets.
- Looking for products that match Islamic standards, Muslims often turn towards organic product portfolios, as many companies in this segment offer vegan choices, assuring that no animal derivatives are used.
- The halal market for beauty and personal care products is relatively developed in Southeast-Asian countries with the majority of Muslim population.

Country specific brands are known and very successful, however they only enjoy local success.

The awareness for Halal products within Beauty and Personal Care in the Middle East is very low.

There is a fragmented and very limited brand-environment. Most halal products are imported from outside the Middle East.

Overall market:

Dominated by local players and limited initiatives from established international companies.

SWOT HALAL BEAUTY AND PERSONAL CARE

Strengths

- Large and growing consumer base globally with an increasing spending power, only served in some Asian countries through local brands
- Strong trend towards extending the concept of halal to beauty and personal care products

Opportunities

- Halal standards are often in line with organic/ethical concepts and can therefore reach a broad consumer base
- Some existing product lines are already in line with halal standards or only need small adjustments
- The formation of a global Halal standard and regulatory framework to ensure the credibility and effectiveness of products

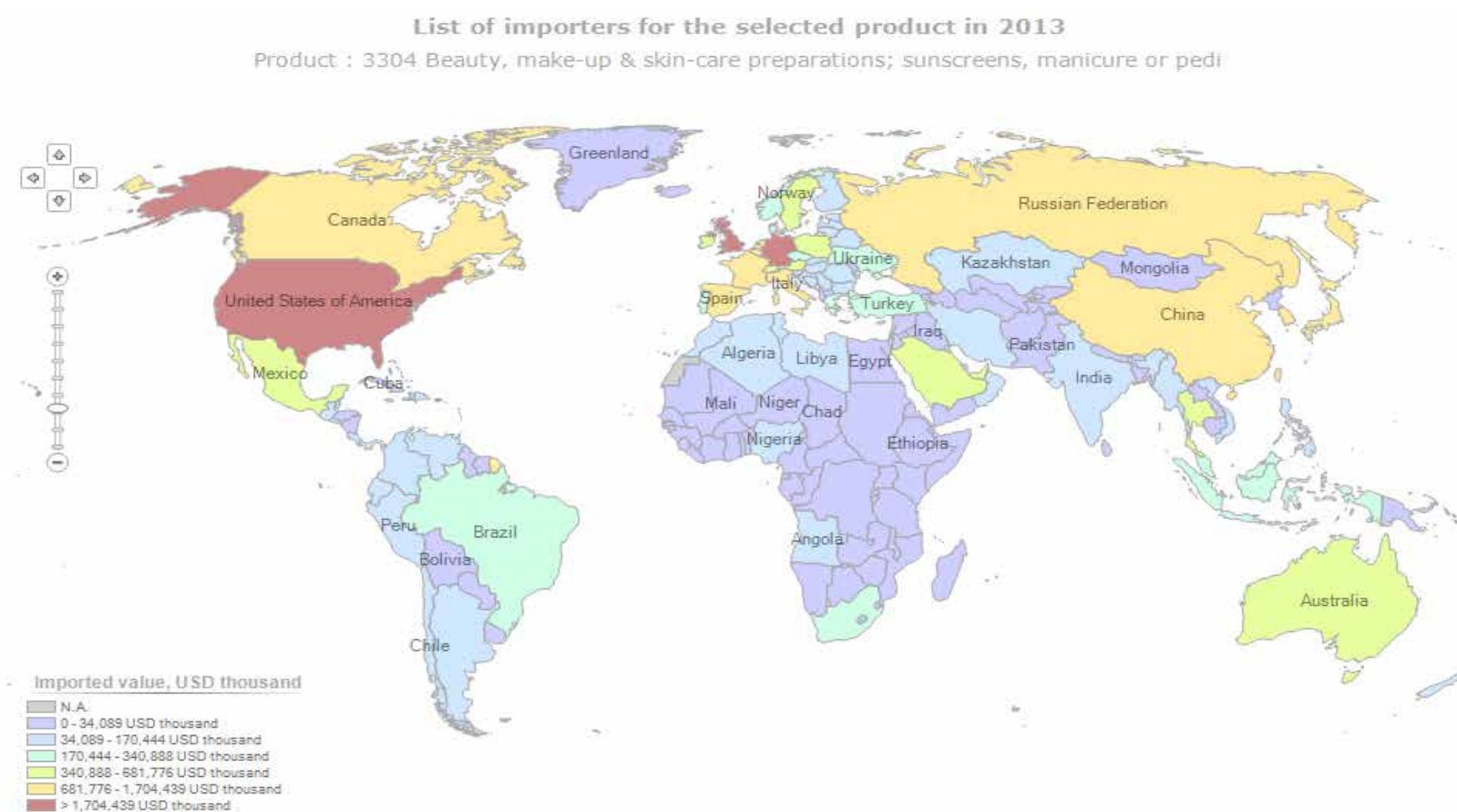
Weaknesses

- Low awareness in countries in the Middle East, as many consumers assume that government standards of verifying a product are in line with the personal concept of halal
- Similar needs served by organic and vegan brands

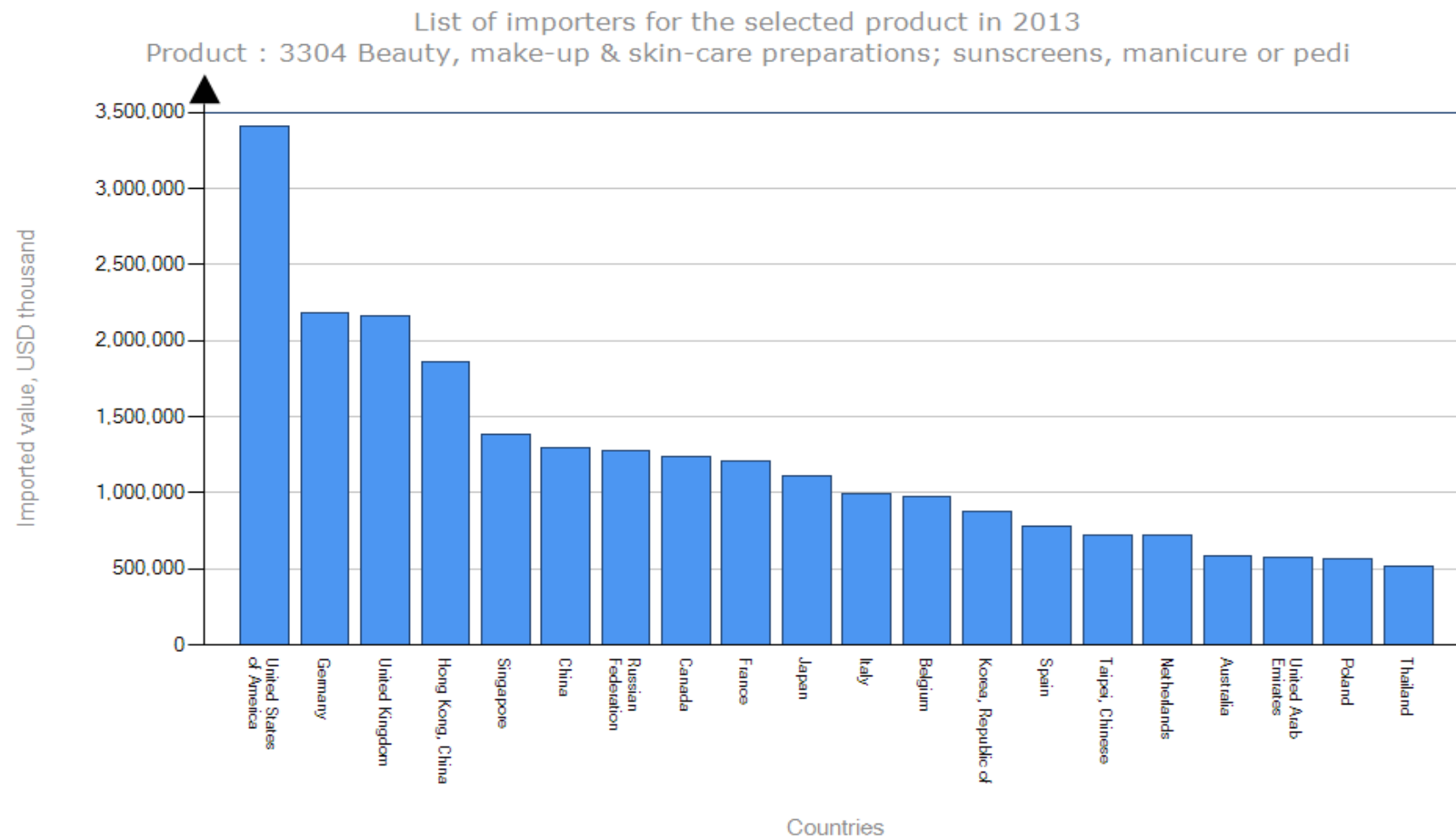
Threats

- Regulations/Certification procedures and the halal standards in this segment differ between countries, societies and individuals, therefore low credibility of existing certificates
- Concerns regarding safeguarding of Muslim values in production might temper credibility

LIST OF IMPORTING COUNTRIES: BEAUTY AND SKIN CARE PRODUCTS

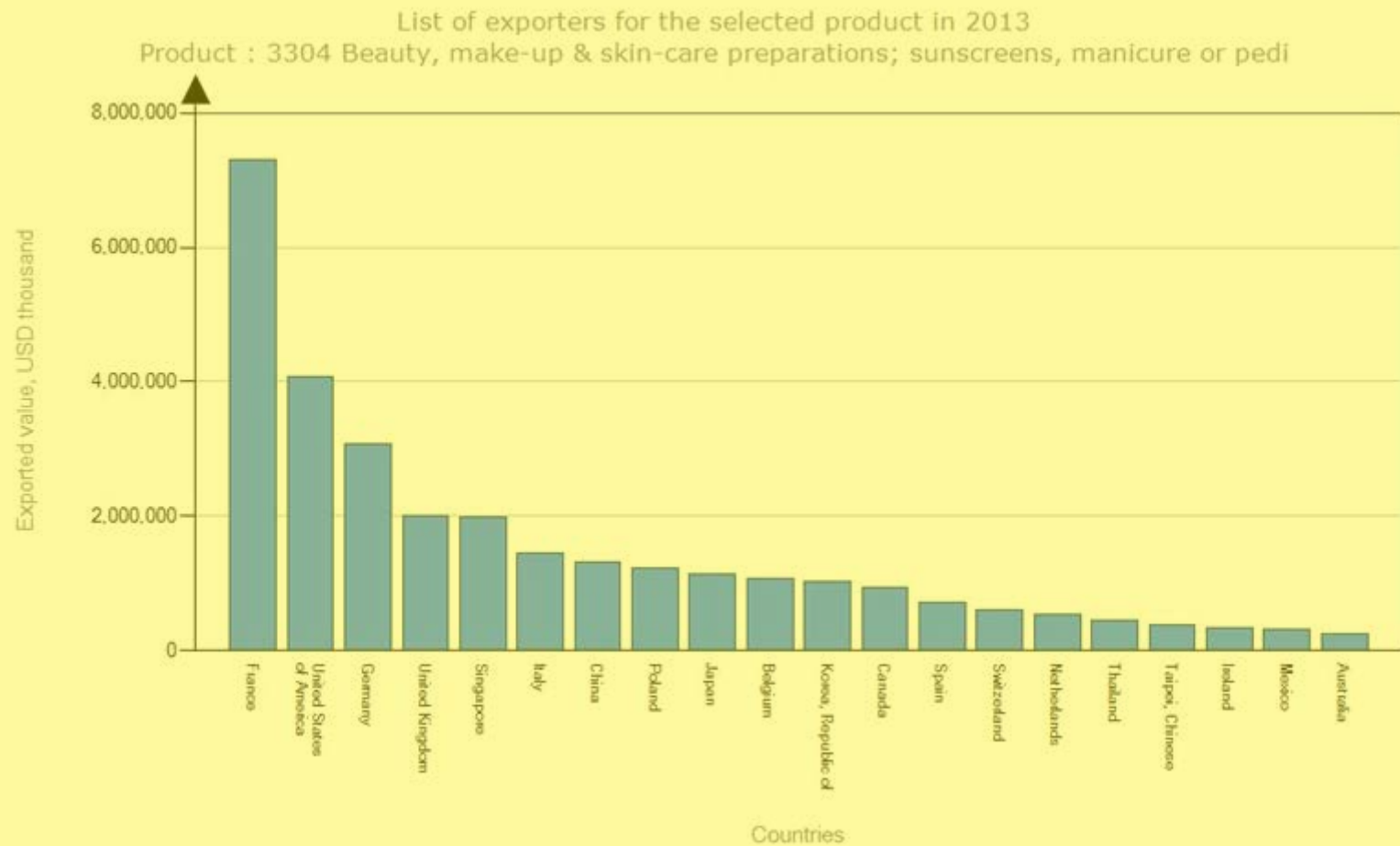


LIST OF IMPORTING COUNTRIES: BEAUTY AND SKIN CARE PRODUCTS





LIST OF EXPORTING COUNTRIES: BEAUTY AND SKIN CARE PRODUCTS





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